

[Canadian oil execs warn Hill](#)

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Canadian oil executives this week are personally warning U.S. lawmakers that the delay in the Keystone XL pipeline has repercussions on U.S.-Canada trade relations.

The CEOs of at least six Canadian oil companies or subsidiaries — in town on a regular annual visit ostensibly to talk about broader issues affecting Canadian oil production — will almost certainly end up predominately lobbying members of Congress and a diverse list of think tanks on Keystone. Their message will include pointing to expedited consideration in Canada of two proposed pipelines sending crude oil from Alberta oil sands to the West Coast for Asian export.

"The snowball's already rolling," Dave Collyer, president of the Canadian Association of Petroleum Producers, told POLITICO.

"Canadian producers have always recognized that there's some vulnerability in only having one market, that being the United States," Collyer said. "I think what the Keystone decision did was increase the awareness of that vulnerability and provide some impetus clearly ... on the importance of diversifying that market."

"And if Keystone doesn't go ahead, it will limit the growth of the oil sands and I think what you'll see is innovation and ingenuity come to play and you'll see other ways to get that growth accommodated by having to take it away to other markets," Imperial Oil CEO Bruce March added.

The CEOs on the trip also represent BP Canada, ConocoPhillips, Canadian National, Suncor and COSIA.

There are distinct challenges to getting the two proposed West Coast pipelines approved — including opposition from environmentalists and native Canadian groups — which may dilute the pressure their consideration could pose to the debate over the Keystone XL project.

Collyer said other options are now being considered — including sending oil to Canada's east coast.

Canadian producers still remain somewhat optimistic that Keystone XL will be approved in the end.

"But in the face of a rather overwhelming set of facts, with this decision to be deferred that

frankly raises some questions about the integrity of the process and whether we can have confidence in the regulatory review process" for other projects, Collyer said.

Canadian producers may be facing their biggest challenge yet in attracting U.S. policymakers and thinkers to sign off on their broader agenda to bring more of their product to the Gulf of Mexico.

"We're not naïve about the political dimension of all of this," Collyer said. The broader debate about the future of energy production and how it interacts with environmental concerns has "made advancing any specific project and advancing our interests I think clearly more difficult, more challenging than it was, say, five years ago," he said.

"We know we've got to improve our environmental footprint, but there's a balance of social, economic and environmental that all of us need to focus on," March said. "And these transitions from prominently oil-fueled sources in transportation to others will take time. That's what history's shown."

The Canadian officials will visit include the Bipartisan Policy Center, American Enterprise Institute, Center for Strategic and International Studies and the Center for American Progress.

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